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C O N F I D E N T I A L PANAMA 000702

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TAGS: [PGOV](#) [PREL](#) [PM](#)
SUBJECT: PANAMA'S LONG FAREWELL TO PARLACEN

Summary

11. (SBU) The Government of Panama (GOP) is attempting to withdraw from the Central American Parliament (PARLACEN), a decision based exclusively on domestic politics. The departure is an easy way for President Ricardo Martinelli to make good on his campaign promise to reform Panamanian institutions and eliminate endemic corruption. The administration has invested significant time and resources in the withdrawal process, with Foreign Minister Juan Carlos Varela, his Vice Minister and his Political Advisor traveling throughout Central America to lobby other PARLACEN members to let Panama go without a fight. Although the PARLACEN treaty does not contain a formal mechanism allowing member states to disengage, Varela plans on utilizing Vienna Convention mechanisms to effect Panama's exit. Panamanian officials have been careful to separate the PARLACEN affair from Panama's participation in regional economic integration, including the European Union - Central American Association Agreement. End Summary.

Background: From Regional Peacemaker to White Elephant

12. (U) PARLACEN, established in 1991, evolved from previous regional mechanisms such as the Contadora Group and the later Esquipulas Peace Agreement, both of which were efforts during the 1980's to end the violent civil wars then raging across Central America. All Central American countries except for Costa Rica are currently members. Each member state sends 20 deputies to PARLACEN, which meets once a month in Guatemala City. Panama's current deputies were chosen according to the proportion of the vote that their parties received in the May 2009 national elections, with two spots reserved for outgoing President Martin Torrijos and Vice President Samuel Lewis Navarro. PARLACEN deputies receive \$4000 per month in salary and expenses and, crucially, immunity from prosecution during their five year terms.

It Only Hurts If You Care Too Much

13. (U) Panama's PARLACEN exit stems from the 2009 Presidential campaign in Panama. Reflecting Ricardo Martinelli's low regard for the organization, his Democratic Change (CD) party neglected to hold a primary to choose

candidates for PARLACEN. Later, in a change of heart, CD leadership unilaterally chose PARLACEN candidates. CD's main rival, the evolutionary Democratic Party (PRD) then challenged the CD nominees before Panama's Electoral Tribunal (TE) on a technicality, claiming that the lack of a party primary invalidated their selection. The TE ruled in the PRD's favor and disqualified the CD candidates in March 2009, two months before the general election. This meant that the PRD would be sending 11 deputies to PARLACEN and CD would send none. The pre-election timing and the PRD's method in denying CD representation raised Martinelli's blood for a fight. He criticized PARLACEN as a sanctuary for corrupt politicians to avoid prosecution, and he vowed to withdraw Panama if elected.

Loaded For Bear

14. (C) The Martinelli administration has staked an unusual amount of political capital on withdrawing from PARLACEN. In August, FM Varela met with Panamanian PARLACEN deputies to inform them that Panama would leave the regional organization. CD's partner in the ruling coalition, the Panamenista Party, has six PARLACEN deputies, including Mireya Montemayor, who told an Embassy contact that they were asked during the meeting "not to question Martinelli's decision in public." After the deputies complained harshly, Minister of the Presidency Jimmy Papadimitriu stepped out of the room and came back minutes later to say that all Panamenista PARLACEN deputies would be appointed to positions in the GOP. In a later meeting the same day, Papadimitriu offered to pay a salary to all members of the Panamanian delegation, including the PRD contingent. A week later, FM Varela, Vice Minister Meliton Arrocha, and political director Alfredo Castillero Hoyos all traveled to Guatemala and El Salvador to officially submit the request to leave. In bold defiance, Torrijos and Lewis traveled to the Dominican Republic and were sworn in as deputies.

15. (U) PARLACEN member states have invoked legal and technical objections to Panama's departure. FM Varela, however, cites the 1969 Vienna Convention on the Law of Treaties as his legal justification for departure; Article 56 mandates a 12 month notice of intention to withdraw, and article 65 requires a three month period in which other parties to the treaty may raise objections and thus block withdrawal. The MFA's intense lobbying efforts aim to ensure that there will be no formal objections.

16. (U) Parallel to the diplomatic effort, Panama's corruption czar, who is also first cousin to Ricardo Martinelli, opened an inquiry into abuses by PARLACEN deputies of their exemption from import taxes for automobiles. Earlier, Martinelli stated on television that he would not sign checks for Panama's PARLACEN deputies, calling the organization "a bunch of losers...drinking with immunity".

17. (U) The Martinelli administration has made it clear that Panama is still interested in economic integration, with FM Varela stating in August that they "will move towards economic and trade agreements with the European Union, but the PARLACEN will not be a part of these trade agreements." On his recent trip to Italy, President Martinelli asked Italian PM Silvio Berlusconi for assistance in Panama's efforts to join the European Union - Central America Association Agreement without having to join the Secretariat Central American Economic Integration (SIECA). Panama has been relegated to observer status in the negotiations due to its reluctance to join SIECA. The issue will not likely come up before the end of the year, however, as negotiations have been postponed indefinitely due to the coup in Honduras.

Comment

18. (C) PARLACEN is low-hanging fruit in President Martinelli's drive to shake up, and shake down, a complacent

and corrupt political class in Panama. PARLACEN has few supporters in Panama, and due to its ineffectiveness, its loss will scarcely be felt. Most importantly for Martinelli, extracting Panama from PARLACEN will deprive former President Torrijos and the other PRD members of immunity from prosecution for corruption during the former administration.

STEPHENSON